



House of Commons
CANADA

Standing Committee on Agriculture and Agri- Food

AGRI • NUMBER 034 • 2nd SESSION • 39th PARLIAMENT

EVIDENCE

Thursday, May 15, 2008

—
Chair

Mr. James Bezan

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Agriculture and Agri-Food

Thursday, May 15, 2008

• (0905)

[English]

The Chair (Mr. James Bezan (Selkirk—Interlake, CPC)): I call this meeting to order.

I want to welcome to the table today Minister Gerry Ritz, the Minister of Agriculture and Agri-Food, who is here to help us with our study on the main estimates, tabled some time ago. Joining him is Yaprak Baltacioglu, the deputy minister, and Pierre Corriveau, the assistant deputy minister. And from the Canadian Food Inspection Agency, we have Carole Swan and Gordon White.

Welcome, all of you, to the table.

We'll start it off, Mr. Minister, with your opening comments.

Hon. Gerry Ritz (Minister of Agriculture and Agri-Food): Thank you, Mr. Chair. It's a pleasure to be here. It's always a great opportunity to compare agricultural notes from across the country with members around the table here.

I'll focus my remarks today on the current environment, the actions taken to address that environment and, of course, the future.

As you folks know very well through your own observations and consultations, we're really seeing a paradigm shift in agriculture and agrifood. Rapid changes in market conditions and competitive pressures—

The Chair: Mr. Easter.

Hon. Wayne Easter (Malpeque, Lib.): On a point of order, Mr. Chair, do we have a copy of the minister's remarks?

Hon. Gerry Ritz: You're supposed to listen, Wayne.

Some hon. members: Oh, oh!

Hon. Wayne Easter: I do listen, but I do think that sometimes we get bafflegab from the minister; that's the problem. The fact of the matter is that we can go to the minutes, but it would be preferable to have the minister's remarks.

The Chair: It's not a point of order you're making, Mr. Easter.

Witnesses have the opportunity to provide comments in both official languages. It's also up to them if they don't want to circulate their opening remarks.

So let's just turn this back to the minister, so he can keep on with his opening comments.

Hon. Gerry Ritz: I'd be happy to give Mr. Easter a copy of these once I'm done. I don't have them in both official languages, so I couldn't table them, but I'd be happy to give Mr. Easter a copy, if he'd

like, after I'm done—or I could give them to him and he could read them, if he'd like.

Some hon. members: Oh, oh!

Hon. Wayne Easter: If you say something sensible, I might frame them!

The Chair: Okay, order.

Hon. Gerry Ritz: I'd even autograph them for you, Wayne.

The Chair: Order.

Hon. Gerry Ritz: Let me restart here.

Of course we've seen rapid changes in market conditions, competitive pressures, price and input cost pressure squeezing the margins of several commodities, challenges and opportunities in international trade policies, increasing awareness and sensitivity of food safety issues, and increasingly environmentally aware consumers. These factors are all having an impact on how we respond to the challenges and opportunities facing our Canadian producers.

You know, one of the great things about this job is that it gives me a chance to sit down with farmers from coast to coast to coast, and I've been able to do that over the last short time. I can say we're getting some great comments from people that we're on the right track on some of these key issues. Things are getting done, and if you want to see it in black and white, you have the evidence right here in front of you in those main estimates. I think it goes right back to the fact that we have not wavered from the bedrock principle that we established from day one, and that is of course “farmers first”. If the farm gate is not strong and viable and sustainable, then none of the rest matters or can continue. It's a simple formula and it works. We're listening to farmers, we're acting on what we're hearing, and we're delivering real results.

The livestock sector told us it needed help to get through a rough patch, and we delivered. Changes to the advance payments program was by far the biggest ask by the sector, and we delivered in record time, thanks to the help of you in the opposition parties. Changes to the act made emergency cash advances of up to \$400,000 per farm available for our livestock producers. Of that \$400,000, the first \$100,000 is interest-free. We also dealt with issues around security requirements to maintain the security for the banking sector. We took other actions to speed up cash flow to the industry, including fast AgriInvest payments, targeted advance payments, and the cull breeding swine program, which has already met more than half the target.

Farmers asked us to get older cattle moving south again, and we have done that, Mr. Chair, first through rule 2. Then when we were in Washington in March we got the good news that Mexico would provide OIE-consistent access to all breeding cattle—we've seen the first shipments move south—and further, that Canadian breeding cattle could be shipped through the U.S. to Mexico. It's working out very well.

I'm proud of how this government has delivered, ensuring greater market access for Canadian beef. I'm proud of the professional manner in which the agriculture and agri-food department and CFIA are working together and getting things done for our producers. We're getting great comments back.

Last November, the CFIA worked with our livestock industry to head off the enhanced testing for E. coli that was demanded by the United States. We got that turned around. We're making gains for livestock farmers in the red meat sector, but we won't stop there. We need to restore full access to all cattle and beef with all our trading partners.

We will continue to vigorously oppose the current version of mandatory country-of-origin labelling. Of course, that's expedited with the passage of the Farm Bill yesterday. I've raised that issue on several occasions with Secretary of Agriculture Schafer and also his predecessor. The U.S. has to make sure COOL doesn't choke the industry on both sides of the border with unnecessary segregation costs and stacks of mandatory paperwork that serve only to thicken the border, and of course that thickens it both ways. The version of COOL that is implemented must be trade-compliant under NAFTA, or as we have advised the U.S. and have continued to say, we will initiate a NAFTA panel.

Farmers told us they wanted more opportunities in the biofuel sector, and we will deliver that through Bill C-33 amendments, ecoABC, and other initiatives. Our approach to biofuels is thoughtful and reasonable—I'm sure we'll have that discussion here today—balancing the need to ensure we address the needs of the environment with the need for continued food production in this country. We need to put this issue in perspective, however. Right now, to meet our proposed mandates for biofuels would require only about 5% of our production capabilities, less than the variables caused by weather systems. That leaves 95% dedicated to our high-quality food production. We've also invested \$500 million towards the next generation of biofuels using cellulosic technology.

We're boosting our food aid by \$50 million, maintaining our position as the second-largest contributor to the world aid food programs. Our biofuels strategy is the right plan for our rural communities, our producers, and our environment.

Farmers told us they need access to new and better crops. We're delivering through our support of science and innovation. We've moved quickly to get rid of KVD and that's going to mean new wheat varieties will get introduced here and commercialized here in Canada, instead of the United States.

Farmers asked for workable, bankable business risk management programs for Canadian farmers, and we delivered with the new business risk management suite, thanks in large part to great

cooperation with the provinces, which helped us speed up the Kickstart and cost of production payments.

Farmers asked us for a transition period to *Growing Forward*, to ensure we developed the right programs, and we did that, negotiating the continuity year with the provinces and territories.

● (0910)

I truly believe the progress we have made on this is directly due to the respectful relationship we have built with the provinces and territories, and a solid consultative process including industry.

Farmers asked us for marketing choice in barley, and we're working hard to achieve that through Bill C-46.

We're also working on new guidelines for "Product of Canada" labelling on foods that will give Canadian consumers clear labelling information to make their informed choices. We'll give Canadian farmers and processors the credit they deserve with proper labelling on the products.

I know this committee has done a lot of legwork on this issue, and I certainly look forward to your report.

We also tabled legislation to overhaul food and product safety laws. This will not only boost confidence amongst our consumers at home that our product safety standards are second to none, it will also make Canadian agrifood products more competitive on that global market for consumers.

Farmers asked us to approach international trade with both solid offensive and defensive positions. At the World Trade Organization agricultural negotiations, we are working hard to open new markets and level the international playing field for our producers and processors. These efforts are complemented by our very active regional and bilateral negotiations agenda, where we are making real headway through our exporters.

This government continues its strong support for supply management. At the WTO agricultural negotiations, we are firmly defending the interests of our supply managed sectors.

We have demonstrated our support for supply management through other concrete actions as well. For example, we have taken action under GATT article 28 to limit the imports of low-duty milk protein concentrates through tariff rate quotas.

We are also taking action to finalize the operational section of the WTO special safeguards for supply managed goods, and we've also implemented cheese compositional standards.

Clearly Canadian farmers are succeeding in world markets. Last year Canada's overall agrifood trade hit a record \$31.6 billion, an increase of almost 13% over the same period in 2006. Those market realities are reflected in our main estimates here today.

Here at home we have launched a full-court press to get the *Growing Forward* framework in place at our federal-provincial-territorial meeting this July. I'd like to see as many of the new programs announced as soon as possible after that.

We're constantly talking with farmers during this process because we want to get farmers the right tools for the job ahead.

Growing Forward is more than a federal-provincial-territorial agreement. It's the result of a lot of hard work and consultation with farmers, farm organizations, and others throughout the sector. *Growing Forward* is already delivering for farmers. It fully supports this government's strong competitiveness and innovation agenda.

Growing Forward aims to deliver important innovations, new market opportunities, provincial flexibility and affordability, improved service standards with streamlined regulations, and a competitive sector that can adjust to the changing global marketplace. *Growing Forward* will make the whole agricultural value chain stronger from field to port. *Growing Forward* is the right response to the realities and challenges facing the agricultural sector today.

Mr. Chair, with that snapshot of where we've been and where we're going, I'd be happy to open the floor to questions.

The Chair: Thank you, Minister Ritz.

I am going to suggest, because we only have an hour with the minister, that we go with five-minute rounds so that more members can get on the record.

I'll turn to you, Mr. Easter, to kick us off.

Hon. Wayne Easter: Thank you, Mr. Chair.

Welcome, Minister. I was just thinking when you were going through your remarks that you must have gone back and looked at some of Minister Goodale's remarks, because they're getting increasingly long. They're long on politics and short on substance, I would say.

I'm going to ask a number of questions. If they're not all answered, the department may be able to get back to me. In your opening remarks, you went along the same lines as your parliamentary secretary so often does, leaving the impression that you're putting farmers first and listening to them. But I think the facts offer a different truth.

At a time when our hog and beef sector is in the worst crisis it's ever been in, the program came out. We support it, but a lot more needs to be done. I need to know, for that sector, are you looking at increasing the cap on CAIS, and if so, by how much? Because the crisis happened so suddenly, are you going to offer producers the option of going for either their regular CAIS or AgriStability? For those producers who have been faced with disease, will you offer the option of assuming a reference margin as if they had not had that disease? This would make a tremendous difference in the hog and beef sector. Although you're putting up to \$400 million out there, the department indicated that the additional cost of these measures was only about \$22 million. That, to me, is a pittance, and to a certain extent a slap in the face to the hog industry.

The potato industry is in trouble in parts of the country. In the tender fruit industry, they are tearing up their orchards and plants are closing. You're saying you're putting farmers first, but the department's farm income forecast highlights show that between 2004 and 2006 program spending was down by \$1.2 billion. Here we're facing a terrible crisis in some commodities, and program

spending is estimated to be down \$1.2 billion. I'd like your response to that.

The last time you were here we expressed grave concern about the government breaking its word and cancelling the Canadian farm families options program, leaving thousands of farmers with broken promises and no money. I'm informed that those who were still in—the ones who were in the first year were allowed to be in the second—were paid out initially at 50¢ on the dollar. A commitment was made that the other moneys would be paid long before now. They haven't been paid, as I understand it, unless they've come out in the last two days. When will that other 50¢ on the dollar be paid? Or is it going to be less than was originally committed?

My last question relates to the Canadian Grain Commission. You will know that the labour unions put out a press release yesterday claiming that the producer protection programs will be slashed by 67%, grain quality programs will be reduced by almost half, and research programs will be cut by 60%. They're close to accurate. If you go through the estimate books, you will find \$53 million for the quality assurance program for 2008-09, and \$28 million for 2009-10. The grain quality research program is down from \$11 million to \$4 million. All areas in the Canadian Grain Commission seem to be cut dramatically. The producer protection programs are down from \$4.8 million to \$1.6 million. Why the slashing of spending on the Canadian Grain Commission quality assurance program, etc.?

•(0915)

I'll leave it at that for now, Mr. Chair.

The Chair: He has used just about his entire time, so I'll let you make a brief response, Mr. Minister.

Hon. Gerry Ritz: Sure. I'll leave the money side of it out, and we'll get back to Mr. Easter on that.

I guess the biggest thing I would point to is the consultative process we've embarked on, as late as Monday morning, with industry on regulations and how we get on top of that. I have a copy of that regulatory report that the CFIA worked up. I'd be happy to leave that with the committee.

We've consulted with producers. We didn't do like Mr. Easter did and hop from airport to airport and have meetings right there. We actually get out to the farm gates and have round tables. We have spoken with hundreds of farmers within their environment and listened to them and constructed our products accordingly.

On the question of the cap, I've been very public about saying let's raise the cap in this environment we're in. We've done some number crunching. I'll be having meetings with the provinces coming up within the next 10 days or two weeks on that particular issue. I myself would like to see the caps raised. We've pushed the numbers. We've worked with the \$3 million cap model, which is double. We've also worked with a \$5 million cap, and of course some of the industry are saying no cap at all, which is not on. That just isn't going to happen, so I'm that honest with them.

The member from Malpeque also said that we should readjust the reference margins as though BSE never happened. There are farmers out there who would ask me to readjust the reference margins as though the Liberal government never happened.

● (0920)

Hon. Wayne Easter: Excuse me, Mr. Chair.

I'm not talking BSE, Mr. Minister. It's the circovirus in the hog industry in Ontario and the specific case related to that. It's not BSE.

Hon. Gerry Ritz: I've had that particular discussion with Clare Schlegel and the folks from the CPC. We've looked at it. We're still trying to decide how we would implement that and not be countervailable. We'll work it forward.

I guess I'm out of time, Mr. Chair. Thank you.

The Chair: Thank you.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance (Richmond—Arthabaska, BQ): Thank you, Minister, for appearing before the committee today.

Since we are dealing with the Estimates, I have decided to change my approach. I would like you to remember an issue which will hopefully not be forgotten, the compensation for avian flu. I have contacted you, like I had contacted the previous minister in 2007, about the concerns of poultry and egg producers. This is a rather technical matter. The Canadian Food Inspection Agency has decided to offer \$4.77 for each 21-week laying hen, whereas the Canadian Egg Marketing Board has set the value at \$17.21. For a typical Canadian flock, this would represent a loss of \$225,000. It would be a loss of \$10 for each 25-week laying hen that is part of a flock of breeder hens of the broiler type. This change was decided by your predecessor.

At the time, Mr. Strahl had stated—and I remember that very well because I have his letter answering my query—that the amount of compensation for the loss of a flock would be changed in a first phase but that there would be a second phase administered by the Department which would lead to a new development in the context of the new agricultural policy, and that additional compensation would be provided after discussions and negotiations with industry and stakeholders. I would like to know what is going on because producers are still wondering about this situation. As far as I can see, there has never been a second phase.

I would like to know what the situation is and if you have followed the recommendations of the previous Minister. When he left his portfolio, there had not yet been any discussions about a second phase or, if there had been, they were aimed at one thing and one thing only, cutting the amount of compensation. You have to understand—this is not new for you—that those producers come under supply management. With the recently announced programs relating to business risk, they end up losing money. If they want to use those programs relating to business risk, they will not be able to get to any appropriate compensation.

So, I would like to know what your position is on this matter and if you intend to answer the concerns of those producers whose future might be compromised to if they cannot get any appropriate

compensation in case of bad luck, that is to say in case of an avian flu outbreak. Nobody wants that to happen about we know that there has been at least one outbreak in BC.

[*English*]

Hon. Gerry Ritz: Thank you, Mr. Bellavance, for your question.

There was also an avian flu outbreak in Saskatchewan, not just in the Lower Mainland of British Columbia. We did learn some lessons in the Lower Mainland—predominantly, that the quicker you act, the faster you can contain it. It took us a matter of hours to decide to wrap the barn and put the birds down.

There are still some ongoing discussions, as you rightly point out, on the compensatory side. Up to this point the government has always covered the cost of the animals—the birds in this case in an AI barn. In the Saskatchewan instance, we also removed the litter from the barn to help the farmer get back in business quicker than normal. As to spraying down the barn and making sure everything was done, that's generally up to the producer. In a lot of cases the industry itself steps in and helps, as it did in British Columbia. The province picked up a certain portion of the expenses in British Columbia; the Saskatchewan government did not. So it left that producer wondering what was going on.

We are continuing discussions on the value of those animals, and there's basically a double point being made. One is the cost of the actual bird or animal at that stage. We have that very succinctly laid out with some changes, after consulting with industry. Those changes came into effect last September in the latest go-round. Since that time industry has started to say we have to go further. There was loss of business, and time was lost as they re-developed to that.... A laying hen doesn't become a laying hen when it comes out of the egg; it has to be raised to that point. So they're saying there's that disconnect. How do we cover that off?

I guess I would point to the new suite of business risk management programs on the agri-recovery side, the disaster side. Possibly there's something we can work at there. Those discussions are ongoing. We have worked lately with the poultry side on the AI, the avian flu surveillance side, to make sure we are up to the standards required by other countries, not so much from an export nature but from the genetic side of poultry, and so on, that we export. We had to hit certain markers. We've had those agreements made with the poultry industry. The blood tests are beginning in the barns, as they should be. We're starting to move ahead and reopening borders, especially into the European Union where our genetics are very much in demand.

The discussions on the value of the animals at the time a barn is put down or a herd is put down are always ongoing. We'll certainly work with industry to try to come up to speed as much as we can.

● (0925)

[*Translation*]

Mr. André Bellavance: I wonder what is preventing an agreement. Is the amount of \$17.21 too high?

The Federal Court decision in the Rob Donaldson case has ordered departments to take account of broader criteria than those applied in the context of the present review of the maximum amounts, to reestablish Mr. Donaldson's compensation whose flocks had to be destroyed because of avian flu.

Has there been any fast-tracking of your discussions because of the Federal Court decision? Is the \$17.21 amount too high for you? Why can you not come to an agreement with the producers on an appropriate amount?

[English]

The Chair: Mr. Bellavance's time has expired, so give a quick response please, Mr. Minister.

Hon. Gerry Ritz: The discussions are ongoing. We will look at it. The concern is whether the government is in the business of insuring loss of business. I guess if we need to develop a program along those lines we'll have to start to work out parameters. We'll certainly do that in conjunction with industry. It would have to be an insurance-type of situation, and we'll have a look at it.

There is insurance for that type of thing in the private sector already. I'm not sure we want to step on any toes, but if we can better the overall working relationship with producers, we'll continue those discussions.

[Translation]

The Chair: Thank you.

Mr. Lauzon.

[English]

Mr. Guy Lauzon (Stormont—Dundas—South Glengarry, CPC): Thank you very much, Mr. Chair.

Thanks for coming, Mr. Minister.

I want to begin by thanking my colleague for the wonderful compliment he gave me, comparing me to you, Minister, and that we put farmers first. I appreciate that comment sincerely, and let's hope we continue to put farmers first.

Mr. Minister, as you know, I represent a riding that has a high concentration of supply management. You visited, I believe, six weeks ago or so, and at the risk of having you blush, obviously the way you're consulting with farmers works. If you recall, the three standing ovations that you had among 250 people indicated that we're on the right page when it comes to looking after farmers, certainly in eastern Ontario.

I want to get your comments. Supply management, as I said, is so critical to my riding and to many ridings across Canada, and I think we should talk about it. The opposition has a way, it seems, of putting out some insecurity to the supply managed people. I want to go on record and I want you, if you don't mind, to come on record and explain.

I have a letter here from the five chairs of the supply managed groups. It is dated in Ottawa. It was written on February 14. Part of the letter says:

Over the past two years, the federal government, and in particular, the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food, have repeatedly affirmed the government's strong commitment to stand up for supply management and to

defend and deliver on the Canadian position at the WTO negotiations on agriculture.

It goes on to say a number of other things.

Mr. Minister, I would like you to reiterate to this opposition and to the public at large where we stand. We have put it in the throne speech; the Prime Minister, the minister, is on record as fully supporting supply management.

Would you once again please tell the opposition and the Canadian public where we stand on supply management?

Hon. Gerry Ritz: I guess one of the great things of this job, Mr. Lauzon, is constantly being able to go out on the world stage and point to the success stories in Canadian agriculture. Of course, supply management is a glowing example of what works. I'm always amazed at how the opposition parties can play silly buggers at times with that analogy.

Jacques Laforge and I had the opportunity to fly out to a farm forum in New Brunswick about three weeks or a month ago. In the couple of hours of flying that it took, Jacques was telling me how he now says at public forums that it's a given that all four parties in the federal House support supply management. But he said, "I always make the point that it's the Conservative government that defends it." There's a subtle difference there. He is quite vocal about that. I've really enjoyed the working relationship I've had with the industry. They're drawing their support from the marketplace. I look at that, and I know a lot of other industries look at that with some envy that they are able to do that. They have a top-quality product.

I guess it shows in that in the offshore missions that I've undertaken in the last six to seven months, everywhere we go there's a growing and increasing demand for our dairy genetics, for our poultry genetics, for those types of things. People around the world are saying, "You have an industry that has been sustainable to the point that they've been able to take that cash flow and build a better industry." I guess if you look at the secondary industry that has developed around our supply managed system here, it speaks to the continuity and consistency of that quality supply.

So it's always an opportunity to go out there on the world stage, and domestically too. We forget to talk about our successes. We get mired down in the media headlines of what's not working and we forget to talk about what is. It's always a pleasure to reiterate our solid, unconditional support for supply management.

● (0930)

Mr. Guy Lauzon: Thank you very much.

Another part of your agenda to put farmers first is opening up new markets for Canadian produce. I know you've worked extremely hard on that. I wonder if you could just elaborate a bit on what kind of success you're having.

Hon. Gerry Ritz: It is not hard to go out and sell a quality product. Canadian farm produce is second to none in the world, and we're adapting to new and innovative ways.

Mr. Easter made the point that the soft fruit industry is changing. He's absolutely right, but producers are driving that change. They're taking out their peach orchards and putting in vineyards for grapes because there's better money in vines and making wine. That's up to them. They have to turn a profit on that land. We're seeing property taxes climb. We're seeing input costs climb, so producers have to make those changes.

The worst thing we can do as a government is develop and come out with programs that mask market signals, the status quo, ad hoc types of programming. What happens with that is you end up maintaining the status quo, which oftentimes doesn't let the market send a signal through to the producer to make that change. We've seen that over the years.

Everything in this country at the processing level was developed on a low dollar and on the strength and quality of the Canadian product. We still have the strength and quality of the Canadian product and now we have to get out and do it in a more productive way because the dollar has come back to where it probably should be historically. It might be a little high but it's where it is, and producers are struggling with that on input costs and so forth.

At the end of the day the strong survive, the market will right itself, and producers will continue to forge ahead and give us that quality product that they do so well.

Mr. Guy Lauzon: Thank you very much.

The Chair: Thank you.

Mr. Atamanenko, the floor is yours.

Mr. Alex Atamanenko (British Columbia Southern Interior, NDP): Thank you very much, and thanks to you, Minister, and your officials for being here today. I will try to be brief in my questions and hopefully give you a chance to respond, perhaps in the order that I ask them.

First I'd like to follow up on what Wayne mentioned in regard to the press release about the Grain Commission. It's a disturbing press release, and I'd like some comment from you on this. According to the press release, the Grain Commission producer protection programs will be slashed by 67%, while grain quality programs will be reduced by almost half and research programs will be cut by 60%.

There are three former commissioners who have statements in this release.

One says that "As Ottawa's contribution goes down, producer costs will rise." I find that extremely disturbing and I'd like some comments on that.

The other one is that, "These cuts will undermine grain producers in their dealings with grain companies, which have never been more powerful. Canada's reputation for top quality grain will be hurt too. You can't protect producers and make these cuts at the same time." This is former commissioner Bob Douglas.

The last quotation I have here is by Ms. Donna Welke: "At a time when food safety is a top priority for Canadians, Bill C-39 is undermining the safety of Canadian grain products."

I'd like a comment on those statements, please.

Minister, you mentioned COOL and how we oppose this. I'm just wondering how realistic it is to go to a panel. Do we have some very specific concrete measures as to how to oppose COOL, and does this fit in with shifting our focus to not always trying to conform to trade obligations, but maybe to shift to really put Canada first and make sure we stand up and put in the right measures to protect our producers?

That also goes in line with the tree fruit industry, as you mentioned. You're saying the market will just regulate it. We're producing grapes; the logical result is that eventually we'll be a nation of grape producers and we won't have any more apples, for example. Is that a realistic goal for Canada, or should there be some government intervention to ensure that we have a safe supply of apples and peaches and all the other fruit we're noted for? That's the second one.

I will probably need you to get back to me on my last question. Can you provide the committee with a breakdown of federal grants and contributions by province for the following programs: Green-cover, the environmental farm plan, the farm stewardship program, and the Canada-Ontario water supply expansion program for the fiscal years 2004-05, 2005-06, 2006-07, and 2007-08? I have it here if you need it.

●(0935)

Hon. Gerry Ritz: Thank you, Alex. We'll get you those numbers. It's not a problem. Some of the programs didn't exist in some of those years, but we'll give you what we've got.

I'm trying to go in the order you gave them to me.

The CGC is a modernization situation. It hasn't been done for decades. I would categorize that press release as mischievous, at best. It doesn't give you the full picture. I would like to think that the CGC actually delivers for producers. Producer groups are excited and thrilled about the changes that are proposed—barring one, I guess. Having said that, the vast majority of producers in western Canada, and across Ontario, where there's a bit of overview from the CGC, are asking for these changes. They've wanted them for quite some time.

As to the funding, we're talking about the main estimates only with that. Historically the funding for the CGC has been done through the supplementaries as the programs are outlined and we see what kind of market reaction there is, how much test we need and so forth. And that will continue to be that way.

When it comes to producers' costs being driven up, I don't understand how that will happen. The biggest change from a controversial standpoint—again producers are saying this is great—is the whole idea that somehow everyone you deliver product to is insured to the point to cover you off; you know, should they not be able to carry forward they go into a bankruptcy.

Historically we've seen that program deliver pennies on the dollar. It's a false sense of security to producers that Joe Blow's grain supply can pay for the product they bought from you today when they go bankrupt tomorrow or last month or whatever. There's no way to track. Grain commodities are very flexible and very movable. One week they'll do 500,000 tonnes of wheat, and the next week none. So you catch them on the week when they...and their bond doesn't cover that expansion and contraction in a fulsome enough way. I'm not sure how you would regulate that. There are instances in the private sector that do a better job of tracking than government has. I guess that's what we're trying to encapsulate here.

Of course, any bill that comes before the House will come to this committee, and amendments are possible. If you see there's a better way—a better way to build a better mousetrap—and producers decide that's the way they want to go, then that's what we'll put into the bill. It is a work-in-process.

I know you had Elwin Hermanson, the chief commissioner, here on Tuesday, and some of these questions were asked of him. I think he gave great answers, in the responses I saw when I took a quick look at the transcripts. Certainly we're moving forward, with farmers in control of the Grain Commission working in the best interests of producers. That's as succinct as I can be.

On COOL, we're ramping up our responses to that. The vote was finally taken yesterday. The possibility of a presidential veto is no longer on the table. With any vote that surpasses the two-thirds majority mark, the veto is then off the table and not in play. The vote was almost 75% in favour of moving forward with the Farm Bill.

The devil is in the details. I've had these discussions with the last two secretaries of agriculture and, to a short extent, Mike Johanns, when he was there. We have let them know in no uncertain terms that if this thickens the border in any way at all... We have already seen contracts, on weanling pigs out of Manitoba, that have been reneged on because the buyer on the American side isn't sure what kind of label he's going to have to put on that product.

There's so much product that is born on one side of the line, fed on another side, and processed back again. Whose is it? If you had to have a passport for these cattle, or hogs for that matter, going back and forth, it would be stamped quite a few times.

I was in Washington some time ago, and the American industry itself isn't for this either. They're saying it will take four to five different labels to cover off what they think may be coming in COOL. They want no part of it. The government side assures me that this will go through, but they have no way to enforce it. The problem is that it creates the frustration and angst on this side. How do we deliver it?

That's the nature of a NAFTA panel. It is going to distort the marketplace from the Canadian side in a negative way, as we grapple with how we label this product that goes back and forth. I think part of the answer is in our own labelling systems, where we get a better idea on "Product of Canada". We're working hard on that one.

I know my time is up

● (0940)

The Chair: Thank you, Mr. Minister. Actually, it was Mr. Atamanenko's time that was up.

I'm going to get a little more sticky on time.

Mr. St. Amand, you have the floor.

Mr. Lloyd St. Amand (Brant, Lib.): Thank you very much, Mr. Chair. I have one question, then I'll pass it off to Mr. Boshcoff.

Mr. Minister, I want to thank you and your officials for coming.

On ethanol, quite apart from the escalation in the price of corn triggered by ethanol, I understand there is a growing science about health risks associated with ethanol. Particularly, there are some studies in the United Kingdom that show an alarming rate of cancer in communities in and around ethanol plants. Is there anything to that, or am I reading this incorrectly?

Hon. Gerry Ritz: I haven't seen the studies and I'm not sure of their validity. This is news to me, and we'll certainly check them out and have a look at them. I've never heard of that.

I can't understand why there would be any more instances of cancer near an ethanol facility than a coal mine, or something like that, where there is actual particulate matter in the air.

Mr. Lloyd St. Amand: The studies are from the United Kingdom, particularly, so I'll just steer you to them.

Hon. Gerry Ritz: We'll search them out, Lloyd, and have a look at them. I'd be shocked. I'd have to look at the medical validity of them, but we will do that.

Mr. Lloyd St. Amand: Fair enough.

Mr. Boshcoff.

Mr. Ken Boshcoff (Thunder Bay—Rainy River, Lib.): Thank you very much.

Mr. Minister, no one denies the fact that the Canada Grain Act needed some modernizing and updating. So when this committee prepared its report, it was based on compromises that were quite yielding between the four parties, including your own. The bill that's been proposed bears little resemblance to what we had agreed upon in these chambers, in the spirit of compromise, for agriculture and its producers and the way they are served.

So why would you show us so little respect by so dramatically changing what we hoped would be the new act, after all those hearings and many months of meetings?

The second question is in terms of disaster programs. Your latest set of correspondence shows that it would be the province that would declare the disaster, and then maybe the feds would come in. I'm questioning why you wouldn't just act unilaterally for southwest Saskatchewan and northwestern Ontario, knowing there is such a need, and a continuing one. Why wouldn't you just help federally and perhaps even embarrass those two provinces into coming to the table?

● (0945)

Hon. Gerry Ritz: Let me start with the first question and the CGC.

I'm a little shocked you feel there's little resemblance with what we heard in this committee, and from the producers and so on. If you could point to some examples where you think we've deviated from exactly what the majority of producers or majority of people were asking for, I'd be happy to address them or take a look at them.

As I said, the bill will come before this committee, and if there are amendments that come forward, so be it. We'll try to get the bill to you as quickly as we can.

I certainly don't think we're off the mark. Other than for one farm group, I haven't had anyone with any amount of negativity about this, other than for their saying hurry up and get it done. So I'd be happy to take your examples and work with them.

On the disaster situation and the two instances you talked about, we are addressing some of that in southwest Saskatchewan, working with the new Saskatchewan provincial government in partnership. As you know, all of those programs are a 60-40 split, and we try to work in conjunction with them, if at all possible.

There have been a few instances—the plum pox virus comes to mind—where we actually went ahead at the federal level, because the province wasn't coming on board. That program was offered to a couple of different provinces. Some provinces came on board and some didn't. And we went ahead and announced.

The only thing stopping us is that we're in the final negotiations on *Growing Forward* and the final suite of programming, getting down to the details on such things as, if a disaster expands, does the federal government's level go up, and to what extent? So we're a little bit apprehensive about stomping on toes when we're into those final negotiations.

I would hope that your provincial colleagues would come to the table. We're more than ready to be there, but I don't want to bruise any egos in these final days of negotiations on the overall program.

The Chair: Thank you.

The time has expired.

Mr. Storseth.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you very much, Mr. Chair.

At the beginning or outset here, I'm a little surprised by Mr. Boshcoff and wonder whether he could table the examples of the differences he had in mind at the end of the committee for members. We had Ian White and Elwin Hermanson here at the last meeting, who both assured us they had no problems with Bill C-39 or with the implementation of KVDs.

Hon. Wayne Easter: On a point of order, Mr. Chairman, that's not quite true.

Mr. Brian Storseth: This isn't going to take away from my time, is it, Wayne?

Hon. Wayne Easter: It will not take from your time, but your assessment of that is not quite accurate. Go to the minutes, where there are some concerns.

The Chair: You guys are debating, and this isn't a point of order.

Hon. Wayne Easter: Thanks.

Mr. Brian Storseth: Minister, you talked about something today in the beginning of your comments that actually struck home with me. I have a local mayor and reeve here from the area of Bonnyville who I think would agree with us. You talked about acting on what we're hearing rather than....

And for once I have to agree with Mr. Easter when he talks about Mr. Goodale's comments being long on rhetoric and short on substance. You, to your credit, as I'm hearing from all my producers, are long on action, so that's definitely a compliment for you.

We had Mr. White here at the last meeting. I tried asking him if he had a feeling on the mood of western farmers for barley freedom. It's my strong belief, Minister, that in Alberta, and my riding in particular, barley marketing freedom has risen dramatically since the plebiscite was held. I believe this is something about which our producers are getting restless and want to see sooner rather than later. Minister, what are you doing to accomplish this for our western Canadian farmers?

Hon. Gerry Ritz: Thank you for your kudos at the opening there, Mr. Storseth. I guess I'd point to the fact that I have a great department around me. The folks you see here today are only the tip of the iceberg. They're all anxious to build a stronger industry. We're working ahead, we're redefining programs, we're adjusting parameters of programs to make sure they hit the target.

There's a lot of talk, and Mr. Easter brought this up, that there's less money than there was before and all that. It's because the marketplace is working. Farmers would far rather farm for the marketplace than farm for the mailbox. I guess that's the biggest difference. When the marketplace is working properly, farmers take that, they buy new equipment, they make those decisions they need to make because they know the market is there to support their movements. That's what this department has been so bullish about.

On the Wheat Board, we've never been shy in the last number of elections in western Canada—where the Wheat Board, of course, is predominant—about talking about changes to the Wheat Board, that it has to get up to speed, that it is mired in the past, it's not developing programs that the farmers feel are useful. Even with what they've been bringing forward to try to offset some of that, farmers are still not buying into them in any fulsome way. We've seen their market share deteriorate. Even with today's values of commodities, their market share is way off. We're looking at an industry that can't adapt or be flexible enough to the market signals that are out there.

So we've asked them to change. We did that through a plebiscite. In western Canada, 62% of farmers said they wanted a change. You can add the numbers up any way you want, but 37% said, no, leave it exactly like it is. That number has now shrunk to half. In our polling, in my discussions with producers, in your own consultations with your growers, that's what we're hearing. And the board's own polling is reinforcing that. They're getting those numbers as well. They have to be, because they're talking to the same people we are. We know that demand is out there.

The board is trying to adjust to those new realities, but they're still locked in on this single-desk idea, which no longer flies. We've seen other commodities go through the roof. We saw even the Wheat Board commodities' price spikes this year that were unbelievable, and we're hoping they were able to capture those. We won't know until the final payments come out almost a year from now. We'll be able to assess it at that point. We know there are some problems with the contingency fund, that they've had troubles keeping up with the marketplace, and we'll have to address those.

I had a meeting as late as Tuesday lunch with Larry Hill and Ian White, after they met the committee here talking about the next steps forward. I've given them some direction. We're keeping it out of the media because we've found over the years that we've gotten further dealing directly than we have running it through the media filter—no insult to my media friends here at the table. But we have to get this done. Farmers are demanding it. The Wheat Board understands that. It's a matter of how we get there. I will be attending their meeting coming up at the end of this month, to continue these discussions. We'll try to come up with programming that will address that barley freedom for this crop year.

• (0950)

Mr. Brian Storseth: Mr. Minister, I appreciate what you're saying, but my farmers don't have a lot of faith in the Wheat Board directors trying to get this accomplished. My farmers don't want to wait around and miss another two or three crop years on this. I guess what they really want is your assurance that this a priority for you and that you are going to work to get this done.

Hon. Gerry Ritz: Absolutely. We continue to try to find a way forward, working in conjunction with the board—it's faster that way—and we have to work with the opposition parties. But once the board buys in, there's really no reason for anyone else to say no, because the board is committed to working in the best interests of producers. We're calling them on that, saying “Here's what producers are asking you to do.”

There are ways within the act to make that happen, direction from the minister that they apply. They are very concerned about lawsuits from some fringe groups, as well they should be. This is a democracy. Everybody has the right to make a mistake, and lawsuits happen. But at the end of the day, producers are demanding change and they will get that change.

The Chair: Your time has expired.

Monsieur Bellavance.

[*Translation*]

Mr. André Bellavance: There is another issue I would like to discuss with you, Minister. If you were here every week, we would be able to talk about issues that we do not want to see disappear but nothing prevents you from talking about them in the House.

I would like to know if you have had a serious look at the program suggested by the Quebec and Ontario grain producers who have set up a coalition. That program, AgriFlex, follows from programs announced by the Department in the new agricultural policy framework. I have referred to Quebec and Ontario producers but that program would also be accessible to the producers of other provinces who would want to apply. They have been waiting for a long time for an income support program with visibility and regional

flexibility. The Canadian Federation of Agriculture has said that this could be an excellent program to fill the present gaps of CAIS and of its successor.

Each year, we invest about 1 billion dollars in ad hoc programs. We keep reacting to emergencies. Indeed, talking about compensation, you have stated that you just reacted to what had happened in British Columbia and Saskatchewan. That may be part of the problem. We are dealing with issues on a case-by-case basis whereas, if we had a well-established program with the cooperation of the provinces, we might be able to avoid this type of problems and it might cost less to the government.

You are probably aware of that program. What do you think of it? Would it be possible for such a program to be set up, which would fill the gaps of the present business risk programs?

[*English*]

Hon. Gerry Ritz: It's an excellent point. The Canadian Federation of Agriculture brought that forward some time ago and are promoting it. The Ontario Federation of Agriculture has picked it up, as has the Quebec UPA. We're moving as far as we can as fast as we can on that idea.

Alberta has done quite a bit of work on this as well. The unfortunate part is that no one has a model that shows us how to implement it without attracting countervail. We're all cognizant of this as we go into this global marketplace. Some of them are nuisance suits, but some of them are legitimate, and AgriFlex is problematic from that standpoint. We'll certainly keep working on it, though, no doubt about it. I think there's something to be had there.

We are in this go-around putting flexibility in the non-business risk envelope, the growing forward side, all the companion programs. We are putting the flexibility in there, so that the provinces can make the decisions.

Some like the training more than they like the environmental programs, more than they like the farm stewardship. We will allow the provinces to make those decisions. So we've gone as far as we can with the flexibility concept, in conjunction with the provinces, on the non-business risk side.

You are mixing issues a little bit when you say “flexibility” and “ad hoc” in reference to an animal or disease disaster and the actual business risk side. They are two separate things. Certainly the disease side is always ad hoc.

We try to be proactive as much as we can, and the role of CFIA is changing more and more from reactive to proactive. We see this in a lot of the farm-gate testing, farm food safety. We're trying to get ahead of the curve to mitigate a lot of this before it happens, testing ahead. We know there are hot spots. We saw it with the anthrax that has broken out in the last couple of years. We saw it with the TB around the park in Manitoba. Those programs will always have to be ad hoc, because there's really no way to know how big and how bad it's going to be at any given time.

Still, we're trying to get away from ad hoc on the farm sustainability side and business risk side. We want the provinces to know what's coming and we want it to be affordable for them. We want the producers to know what they can count on. If we need to expand those programs, that's what we will do. That's what we did in the livestock sector. We adjusted programming to make sure that the money flowed in a way that was more favourable to the livestock sector.

• (0955)

[Translation]

Mr. André Bellavance: I understand. I did not say that we should get rid of all of those ad hoc programs. In some cases, I believe that the government should still have the possibility to react to specific emergencies. However, we keep investing 1 billion dollars each year in such ad hoc programs. Also, this AgriFlex program might allow us to lessen the cost of our ad hoc solutions. That is why I have raised this issue.

About the WTO, we have often had this discussion in the past, relating to clause XXXVIII of GATT or to other issues. The public servants are telling us that we might have problems at the WTO. My own feeling, since they are regional programs, is that we would not face any problems at the WTO.

[English]

Hon. Gerry Ritz: To your first question, and your response on that, part of the problem with the way any department throughout the federal government is set up is that there's no capacity to roll over unused funds from year to year. You can draw ahead and so on like that, but there's no annual rollover capability. So if you didn't use all the money this year, you can't just roll it over into the next year and say, "Look what we have" and build to the future. There's a little thing called Treasury Board guidelines, and the Auditor General gets really antsy with that. So that's a bigger question to be addressed, and I certainly don't have any problem making that argument. If it takes legislation to do it, I know I'd have your support to do that.

On the WTO, we are getting down to the final nitpicky details as to what's going to happen and how it's going to happen. At the same time, we're seeing more and more of the countries shifting over to the NAMA, or non-agricultural market access. We've seen countries like Japan, which has been quite vocal on sensitive products and in our camp on some of those issues, now go quiet as we get into the non-agricultural. It is a very industrialized country, and it's looking to protect its auto sector and its turbines and a lot of its technology on that. So it's gone quiet on agriculture to try to keep its powder dry for those final negotiations. It's getting very interesting. I'm getting updates from Steve Verheul, whom you all met, and I think he's doing a fantastic job. He's gotten commendations from Pascal Lamy and from Crawford Falconer, the big boys around the table over there who are driving this or keeping it between the white lines.

I think we're going to see some movement. I'm very concerned when at the same time we're struggling to get WTO agreements, we're seeing the U.S. Congress pass their Farm Bill, which flies in the face of everything we're trying to do over there.

They're saying one thing and doing another. They're in an election cycle, so it's sort of the silly season. We'll have to wait and see what their take is around the table. There's still talk of a ministerial yet this

spring. It keeps getting delayed. Crawford Falconer was supposed to have come out with another text. His third was supposed to have come about two or three weeks ago. It's still not out. Now there's talk it may come out next week or the week after that, but, of course, every time he delays, it delays the ministerial or the possibility of one.

If we don't have something nailed down by summer break, it's going to be very problematic trying to reinvent it in any positive way come fall, with the American elections. When you take one of the major players off the table, that's going to be very problematic. We don't want to lose the gains we have at this point, because I think Canada is forging ahead and coming through looking very good and very positive.

The SM5 are there and are briefed every day as to what's happening, what's going on, how we move forward. They are starting to whisper about being constrained by the November motion, that we all honour and we all obey. We may have to see something addressing that before the final result, but I've said it's up to the SM5 to make that call. If they decide that they want to see us move away from that motion of zero-zero-zero, and don't sit at this table, or don't sit at that table, it's their call, because we're going to honour it, the same as you are honouring it, the same as Liberals, the same as the NDP are honouring that motion. But if the SM5, at the end of the day, decides that we should have some changes on that, it will be their call, and of course we'll have to expedite that through the House.

• (1000)

The Chair: Thank you, Mr. Minister.

It is 10 o'clock. Your time here has expired. I'm sorry we didn't even get through the entire second round of questioning....

Mr. Easter.

Hon. Wayne Easter: I have a point of order, Mr. Chair.

Before the minister leaves, the minister referred to some polling that the department had done relative to the barley marketing. I wonder if the minister would forward that polling, including the questions that were asked by the department, back to the committee so that we have that evidence, along with any economic impact analysis that I would expect any department would do when they're making a major change in marketing. If they've done that economic impact analysis, could they forward that as well to us?

Hon. Gerry Ritz: I'm still waiting for the economic impact analysis that was done in 1998, when those changes were made. I have never seen that either.

I didn't say the department did any polling, Mr. Easter.

The Chair: But you did mention, Mr. Minister, that you had a couple reports that you were going to table with us and leave with us, along with your comments.

Hon. Gerry Ritz: Yes.

The Chair: I'd appreciate if you'd do that. I understand that you're on a tight timeframe this morning, so I do appreciate it.

Mr. Boshcoff.

Mr. Ken Boshcoff: Thank you.

I'd like to table the differences between what was proposed by this committee and what actually came out in the bill, for the record. I'll pass that to the clerk.

The Chair: Okay, certainly.

Hon. Wayne Easter: Mr. Chair, I have a point of order.

The minister referred to polling in his official remarks before this committee. Now the minister has an obligation to table that polling before this committee.

The Chair: We will look at the blues and make sure that—

Hon. Gerry Ritz: Mr. Easter, you can check the record whenever you care to, or have someone read it to you, and you'll see that I did not say “departmental polling”, I said “polling”.

The Chair: This is now a matter of debate. We will check the blues, and if there's anything in the blues that's contrary to what the minister is saying, we'll make sure....

With that, I appreciate your coming. I understand that both Madam Swan and Madam Baltacioglu are going to be here.

We will suspend for a few minutes.

- _____ (Pause) _____
-
- (1005)

The Chair: We will continue with our study on the main estimates. We have the departmental officials with us.

Monsieur Corriveau has stayed with us and is now joined by Andrew Marsland, assistant deputy minister, strategic policy branch; Nada Semaan, assistant deputy minister, farm financial programs branch; and Krista Mountjoy, assistant deputy minister, market and industry services branch.

From CFIA we still have Mr. White with us. He is joined now by Cameron Prince, vice-president, operations; and Brian Evans, executive vice-president.

Welcome to all. Are there any opening comments that you wish to make? If not, will we just continue on with questions.

We'll start a new round with Mr. Steckle.

Mr. Paul Steckle (Huron—Bruce, Lib.): Unfortunately we've lost our minister. I was going to ask him some questions, because there were statements made this morning...and I realize we're dealing with CFIA, but we'd still like the department here.

He made comments about peach orchards coming out and being replaced with grape vineyards. We recently had an announcement of a plant closure in the Niagara region, the last fruit processing plant in eastern Canada. Nothing east of the B.C. border is left in Canada. That same plant is also a sister plant of a plant that was closed in my riding.

The point I'm making is if government really has a commitment to sustainability in agriculture, and if we believe...because I met yesterday with a gentleman who is now, contrary to what the

minister said this morning, pulling out his pear orchards and replacing them with peach orchards, early peaches so that he has a continuum of work for his helpers, his workers. They had come to the table and asked government, including province and fed, for help, but there was no help from anyone, yet we are there for other industries in this country when they need help.

I think it's a shame we have lost the last plant in southwestern and perhaps in all Ontario, certainly in eastern Canada. These people, this particular individual has lost \$300,000. Even after the government assistance of \$1,600 an acre is factored in, he's still losing \$300,000. The peaches he's tearing out had just come to their fifth year, prime production life.

I'm just wondering, really, what commitment—and this is not a partisan statement, I think government has failed in these areas for many, many years. When will government come to the sense that Canada's food production is important, that we look after this as much as we look after any other industry in this country? Because people can't go on continuing to do this kind of thing.

A private operator, I'm told—I have no numbers, but people have told me this—came up with \$15 million in private money to keep this plant alive, but no government was willing to step up. I think this is a disgrace and I think it needs to be known that this has happened.

What is the response of government to this kind of thing? Because the talk is everywhere that this has happened, and I think you're aware of it.

- (1010)

The Chair: Mr. Marsland.

Mr. Andrew Marsland (Assistant Deputy Minister, Strategic Policy Branch, Department of Agriculture and Agri-Food): Perhaps I can begin to respond, and my colleagues may wish to supplement my response.

I can't really comment on the specific cases you raise, but it's clear a whole range of factors are in play that are really challenging the sector and its ability to succeed. The committee is very familiar with them, from the rapid appreciation in the dollar to the rise in input costs to new global competitors.

I guess as we've gone through the discussions on the *Growing Forward* framework, we've had a number of rounds. A whole range of these issues have come up. It's quite clear, as one would expect, that there's no one simple solution, but it's also clear, from what we've heard, that there has to be a focus on competitiveness issues, on innovation, on issues that impinge on the ability of the sector to compete, whether it be regulatory costs and so on.

So I think what you see in the *Growing Forward* framework, the consensus that has been developed between the federal government and the provinces, based on a lot of very detailed consultation with industry, is that you need a framework to address these issues, a long-term framework that goes to fundamental competitiveness issues: the role of innovation in that sector and the factors that affect competitiveness.

I realize that's not a simple answer, but I don't think there is a simple answer to address these issues. I think it requires collaboration and partnership and looking thoroughly at all those issues in the context of a collaborative framework.

Mr. Paul Steckle: I think one of the lessons we should have learned, if we haven't, is that in *Growing Forward*, and in going forward, in the past we have not been able to accommodate all the issues that surround the whole agricultural community. Provinces are different, the issues surrounding each particular commodity are different, and even the commodities within provinces are different. There are communities of people in the farm area...and the CFA is putting forward the view of AgriFlex.

I guess your view was that accommodations can be sought for that, because I think AgriFlex is what it's all about, because we have to be flexible. In the province of Ontario we have the business risk management program, which the province is supporting. The feds have not yet come to the table. To make that work, the feds have to be there.

What do you see happening there? The minister has said he's not going to participate. Is that the final word on that, or what can farmers in Ontario expect?

Mr. Andrew Marsland: It's not really my position to add, but I think the minister was quite clear—

Mr. Paul Steckle: But I want that on the table. I want it noted that I had raised that, because the minister is not here and I wasn't able to give it to him. If you care not to address that, that's okay. But I want him to know that I asked that question.

Mr. Andrew Marsland: Thank you. The issue of flexibility that you raise and the ability to respond to particular regional circumstances came out quite clearly, particularly in the consultations, not only on the business risk management side but also on the non-business risk management side. The issues faced there, whether they be environmental pressures or particular challenges of particular sectors, vary from province to province.

A key theme of the *Growing Forward* framework—and the numbers on this risk management side where some of the issues raised by the minister don't arise—is the need to build in flexibility there. I think what we will have is an agreement that is much more able to reflect the particular priorities of the provinces and industries in those provinces in building non-business risk management programs.

Mr. Paul Steckle: Thank you. Your time has expired.

Monsieur Bellavance.

•(1015)

[Translation]

Mr. André Bellavance: Good morning. Thank you for being here today.

In the general context of your work, preparing the Estimates is probably your most exacting role. I do not doubt that you are extremely accurate and rigorous when you prepare the document to ensure that MPs will not find any errors when it is tabled in the House. Unfortunately, I did find some, which I found quite

surprising. In various places, the French and English versions do not match and I wonder which one is correct.

At page 12 of the French version, and it is also page 12 in the English version, before the penultimate paragraph, there is a box indicating some expenditures for 2008-2009. The amount is \$3,194,300,000, compared to \$3,721,600,000 for 2009-2010. However, in the English version, the year is 2007-2008.

On the next line, the French version indicates: *au fait que l'exercice 2007-2008 comprenait les postes budgétaires de 2006* but the English version indicates: "including budget 2007 items."

Which is the right version? Are there many parts that are correct in one version and incorrect in the other? I would like you to tell us what are the correct years.

Mr. Pierre Corriveau (Assistant Deputy Minister, Corporate Management, Department of Agriculture and Agri-Food): Thank you, Mr. Bellavance.

We apologize. There is indeed a mistake. The figures and the years are correct in the English version. The mistake was made in the French version during translation.

Mr. André Bellavance: It is not a translation mistake since it relates to financial years.

Mr. Pierre Corriveau: Well, it was a mistake made when converting the tables.

Mr. André Bellavance: Yes, that is more like it. What are we supposed to do? We were supposed to have a vote today. Could we get the right version for voting? I do not want you to spend a month or two reviewing the whole document but, if I found those mistakes, there may be others. Did anybody else find any mistakes?

Mr. Pierre Corriveau: That does not change the figures in the main tables. This is only an explanatory note. We can provide a revised version of the French explanatory note to the clerk of the committee in very short order.

Mr. André Bellavance: Mr. Chair, were you planning on having a vote today on this?

[English]

The Chair: That's up to committee if we want to have a vote today. We have to deal with it before May 31.

[Translation]

Mr. André Bellavance: So, we might have a corrected version.

[English]

The Chair: Yes.

[Translation]

Mr. André Bellavance: I would not want to make the government fall on this but I think it would be essential for us to vote on a corrected version. I wonder if the other members agree with me.

[English]

The Chair: If that's the wish of the committee...because what we're voting on are the actual budgetary numbers that are in the estimates, not the notes itself. So we're going to be voting line by line as to expenditures, but if you're more comfortable waiting until we have a corrected version, we can do that, just as long as we deal with this before May 31.

[Translation]

Mr. André Bellavance: I would also ask you to review the document to make sure that there are no other such mistakes.

Do I have more time, Mr. Chair?

[English]

The Chair: You have 30 seconds.

[Translation]

Mr. André Bellavance: Thirty seconds? Thank you.

So, we will wait for a corrected version as soon as possible.

• (1020)

[English]

The Chair: Thank you.

Mrs. Skelton, you have the floor.

Hon. Carol Skelton (Saskatoon—Rosetown—Biggar, CPC): Thank you very much for being here this morning. In regard to the report on plans and priorities—that over the next year the government will spend \$2.2 billion to make Canada a world leader in biofuel development—I would like to know if this amount is going to be used primarily for large-scale production of biofuels from non-food sources, or can you give me the department's vision? I look at the whole biofuel industry, as someone coming from Saskatchewan, as very beneficial for our country. So I would like to hear the department's thoughts on that.

I would like to reassure Canadians, too, that just because we're going into biofuels and the products from...we're not going to deplete the food supply. I would like your assurance on that, and what the department has done to make sure that will not happen.

Mr. Pierre Corriveau: Maybe I'll start on the numbers and then I'll pass it on to my colleagues.

The \$2.2 billion announcement has about \$500 million that's earmarked for agriculture, of which—for this fiscal year—we're looking at about a \$160 million level of expenditure on various programs. The largest share would be on ecoABC for about \$76.9 million.

Mr. Andrew Marsland: The government's renewable fuel strategy has essentially four prongs. One is the establishment of mandates for minimum levels of ethanol and biodiesel in multi-fuels. The second is the establishment of support for the growth of the biofuel industry in Canada to meet that. The third relates to farmer participation—the ecoABC program—and the fourth is the sustainable fuels development fund, the \$500 million fund. So I think the \$2.2 billion you referred to is those four parts.

In terms of farmer participation, that's a core part of that, and the ecoABC program assists them in developing the equity to participate in the development of plants.

I think the issue you raise about food supply is clearly the one that has drawn a lot of attention, and a lot of studies are being done on the implications of what's driving the challenges around food supply, the recent spike in prices. I think what we've seen—as this committee is very much aware—is a long-term decline in prices, since at least the 1970s, for most commodities, but populated by spikes every so often. Every few years there's a spike in prices, and usually there's a supply response that brings prices back in line with that trend over a period of years.

When you look at what's driving the current increase in prices, the current spike, there are clearly a number of factors at play both on the supply side and the demand side. There is a very low stocks-to-use ratio in most products, and there is increasing demand from countries like China and India as changes in the nature of demand shift towards meat and so on. There are a whole host of factors at play and there's a debate about the relative weights of those.

But I think when you look at what we need to meet those mandates—in terms of world supply—it represents I think about 0.1% of production. We are price takers in Canada, so the prices are established on the world market for most of these commodities, and what Canada does has very little effect, as we found over the years when prices have been affected by a number of factors on the world stage.

Hon. Carol Skelton: I do believe the department watches what's going on around the world every day, as a lot of us do. In looking at what's happening around the world right now, we're going to get in a lot of countries...wheat production is going to go up. Of course, with Burma being one of the largest rice producers in the world, with the tragedy that's happened there, there will be problems for those countries.

I do believe the United States had a 10% carryover of its corn crop from last year. Have you heard that? It didn't go into—

Mr. Andrew Marsland: That's true. While for most commodities the stocks-to-use ratio is at record lows, corn is one exception. I think the figures that came out this week showed there was a fairly high carryover in the corn sector.

• (1025)

Hon. Carol Skelton: Also, I want to talk about the environment program. In there, you have put that it is an improving trend. What does “improving trend” mean? How will you measure that trend?

Mr. Andrew Marsland: Perhaps I can begin with that. When we introduced the agricultural policy framework, we introduced comprehensive environmental programming related to environmental farm planning and the introduction of beneficial management practices. What we saw, particularly in the latter years of the APF, was a lot of take-up on environmental farm programming. Up to about 70,000 producers participated in that, and a significant subset of them participated in beneficial management practices. As we've consulted on the *Growing Forward* framework, that has been a key part of it.

A key aspect is how to measure the effects of that. We learned the lesson in the APF that you really have to be perhaps a bit more sophisticated in how you do that, rather than try to measure broad trends, which are very difficult to attribute. You have to link the particular actions taken by producers and the investments made by producers on farm to changes. What we're trying to focus on is particularly water. I think what we'll see in *Growing Forward* is in line with the provincial flexibility: more targeted actions, for example, dealing with issues such as the Lake Winnipeg watershed and the effects of agriculture production on that.

What we will try to do, and we will be doing that over the next few months in terms of developing performance indicators, is to make sure we are adequately targeting the effects of those, adequately measuring those.

The Chair: Thank you. Your time has expired.

Mr. Atamanenko.

Mr. Alex Atamanenko: Thank you very much for taking your time to be here.

My first question is for the folks from the CFIA.

I'm just looking at my notes here, and in the financial resources, if we look at 2008-09 and 2009-10, there seems to be a significant decrease in the budget. I am just wondering; it seems there is more need for strong regulation from our CFIA with the scare of products coming in. Are we decreasing the number of inspectors? Are we farming out services that were done by the government before? That is of concern to me.

Maybe I'll just give my other questions first, and then hopefully we'll get back very quickly.

With regard to barley, wheat, the Wheat Board, I'm still not sure if there is or has been a socio-economic study with regard to market choice. If so, is it happening? Has it finished? If so, can we get the results? I'm still not clear on that.

The third question is with regard to biofuels, on this investment that you mentioned is \$2.2 billion. Is it realistic to assume that, for example, part of this money could go to a company like Husky Energy, which in all probability will be importing corn from the United States to fuel the plants? In other words, our money will be going to this big company that will be bringing in subsidized corn. Hypothetically, is that possible?

I will stop there with those questions.

Dr. Brian Evans (Executive Vice-President, Canadian Food Inspection Agency): I'd like to make a few comments and then ask Mr. White, our chief financial officer, to provide the details on the financial position of the agency.

It's critical for the committee to recognize that we have seen significant growth. We owe a lot of credit for that to this committee and the government over the past number of years. We were provided with tied funding to address specific circumstances. The agency has worked hard to implement this funding. It has allowed us to provide some ongoing capacity and infrastructure that didn't previously exist. This will sustain us in the future. It will ensure that we continue to provide the outcomes that the committee and

Canadians are looking for in food safety and animal health protection.

As our estimates show, while there is basic funding, there are other attributes associated with supplementary estimates. The agency has been asked to deal with some aspects of zoonotic diseases, areas where we had short-term plans put in place to respond to immediate events. We were also asked to come forward with a longer-term strategy related to BSE and other zoonoses this fall. We would expect that with the support of this committee and the government these measures will over time play on those bottom lines.

I would like to ask Gord to give more precise information on where the funding is, where it's leaving the organization, and the adjustments that are being made. We were one of the first agencies to go through the strategic review process on expenditure management, the re-profiling of some of the moneys internally from some of the lower-performing priority programming. We will be transitioning into some of the critical areas of interest to the committee.

• (1030)

Mr. Gordon White (Vice-President, Finance, Administration and Information Technology, Canadian Food Inspection Agency): Mr. Chair, perhaps I could address the honourable member's question.

With respect to the planned spending, I assume you're referring to the numbers in the agency's report on plans and priorities.

Mr. Alex Atamanenko: Is the plan to maintain the level of inspectors, decrease it, or increase it? That's what I was trying to get at.

Mr. Gordon White: In the long run, the plan is probably to increase them. We're getting new funding by way of the food and consumer safety action plan, which will require an augmentation of our inspection capacity.

Between 2008-09 and 2009-10, our BSE funding will come to its first stop point. We will be looking at where we go with the next round of our BSE programming. This funding will need to be dealt with in that context. You'll see that the funding drops at the end on 2008-09, but we are moving ahead with our proposals for the continuation of that funding, and we would expect to see it increased. That's a high-level answer to your question.

Mr. Alex Atamanenko: What about the study?

Mr. Andrew Marsland: Over the years, a number of studies done on marketing choice have come to different conclusions. One would have to look at the studies and understand their terms of reference.

Mr. Alex Atamanenko: So there's no current study that you're relying on as we move to a shift in policies? There's no latest study that's been commissioned, apart from all the other studies that have been done, determining why we're going into a marketing choice for barley?

Mr. Andrew Marsland: I'm not aware of a specific study. We do a lot of analysis—it's part of our job—but I'm not aware of a study like the one you seem to be referring to.

The Chair: The time has expired. Do you want to give a brief reply to the rest of the question?

Mr. Andrew Marsland: Yes.

On the biofuels question, the principal program is the ecoEnergy program run out of Natural Resources Canada. The program does not and cannot distinguish between inputs in the sense that you were referring to. It would have to be neutral in regard to our trade obligations. Even if one had that policy objective, it would probably fall outside our trade obligations, similar to the excise tax exemption that didn't distinguish between sources of feedstock.

The Chair: Mr. Easter.

Hon. Wayne Easter: Thank you, Mr. Chair. I have four questions and I'll run through them. I also have a fifth, if we have time.

First of all, thanks to the CFIA for the cost comparison. We haven't had time to go through it, but there's a lot of meat in the issue there, I believe.

I earlier asked the minister about the farm families options program and I'm wondering if any of you folks can give me an answer on that. The commitment was made when the 50¢ on the dollar was paid out. Where is the remainder of that, to pay it up to 100% of what was originally committed, and when can we expect it? That's question one.

Question two you may not be able to answer. I am wondering if the gag orders placed on the board of directors of the Canadian Wheat Board are still in effect. Has there been any consideration by the department to provide compensation for the firing of Adrian Measner—it was a government decision to do so—to compensate the board for that? What might the calculations be?

Third, the minister mentioned increasing food aid. Am I correct, though, that under the new arrangements, under the new announcement, none of this product has to be Canadian? How does that compare with American food aid? I understand American food aid has to be American product, so what's the relationship in Canada?

Finally, to the CFIA, as we know, the hog and beef industries are in huge trouble. There are two major areas in the beef sector that are a problem. There's the 30-month-aged cow decision. On inspection of cattle, if your animal is 30 months old or has the teeth, then immediately the price of that product drops massively, to be in fact worthless. Can that be changed? And if not, why not?

I'll read you what a producer...I mean, a little common sense would go a long way. A producer loaded cattle in Prince Edward Island the other day, drove 30 miles to the plant in Borden-Carleton. On the way to the plant, the animal broke its leg. It was put down the next day—in other words, thrown in the rendering tank, because the new regulations won't allow the slaughter of hurt or injured animals.

This was a perfectly good beef animal with one broken leg, and the animal was destroyed and the farmer took a substantial loss. Why is that necessary? When the animal went on the truck, it was in fine condition—in fact, it walked on the truck—but the animal broke its leg. I'm wondering why there can't be a little common sense in the system to ensure that the farmer gets a little bit of money out of that.

• (1035)

The Chair: Before you answer those questions, I want to draw the committee's attention to chapter 20 of Marleau and Montpetit, page 864, that "...public servants have been excused from commenting on the policy decisions made by the government."

So you don't have to answer anything you feel might compromise your ability to do your job in the ministry. Pick out what questions you want from Mr. Easter's list, and I'll add on 30 seconds.

Ms. Nada Semaan (Assistant Deputy Minister, Farm Financial Programs Branch, Department of Agriculture and Agri-Food): I will start with the options question. We did actually finish the initial payments. However, as we were processing the initial payments we found about 500 participants who had not met their renewal obligations. In order to not disqualify them, we went back to them and gave them some time to meet their renewal obligations and come back. They had to do that by the end of April. Now that we've received those, we are processing them and we intend to do the final payments by June.

Hon. Wayne Easter: Will that be 100%?

Ms. Nada Semaan: It was never intended to be 100%, even in the actual program. The program was always designed as a two-year program, in which the first year was 100%, the second year was no more than up to 75%. That was clear right in the guidelines.

We did not want it to be a consistent...it was supposed to be to—

Hon. Wayne Easter: But Ms. Semaan, the fact of the matter is that the program was cancelled with—I forget the figure—something like \$246 million left in it. That money was transferred elsewhere. There was obviously enough money in the system originally to pay at 100%.

Ms. Nada Semaan: Basically it was augmented—

Hon. Wayne Easter: We know that the government went back on its word, though.

Ms. Nada Semaan: It was at 25%. As soon as we finish processing the initial payments, only then will we be able to know what the percentage will be for...but there is money left for the final. We just don't know what the percentage will be until we're finished processing the last 500 that came in recently.

Thank you.

The Chair: Mr. Marsland.

Mr. Andrew Marsland: Mr. Easter, with respect to the second question, I don't have that information. So perhaps if you'd allow me, we would provide a written response to that.

With respect to the third question on tying of food aid, I think the government has announced, as you have referred to, the complete untying of Canadian food aid, with the objective of increasing its responsiveness and efficiency—

• (1040)

Hon. Wayne Easter: How does that compare with the Americans?

Mr. Andrew Marsland: I understand that American food aid is 100% tied. I think there are proposals in Washington to take it to 25% untied, but at the moment, it's either 100% or 90% untied, I'm not quite sure which.

The Chair: The time has expired.

Mr. Lauzon.

Mr. Guy Lauzon: Thanks again, Mr. Chair.

I just—

Hon. Wayne Easter: Dr. Evans had a comment to make.

The Chair: To be fair to the other committee members, we have to keep rolling along here. So if you want to take three to four minutes to ask your questions and only leave one or two for the response, we're not going to get all the answers.

Mr. Guy Lauzon: Mr. Atamanenko talked about the funding. I think it's the second or third time he's asked about that funding, but we know that it has in fact increased over previous years. One of the nicest parts about it was the announcement the Prime Minister made in December of \$113 million for a food and consumer safety action plan. I would think it would have quite an impact on you people carrying out your mandate.

Maybe it's a little early to ask this, but can you give me some feedback on how you envision that \$113 million is going to impact your carrying out your business to increase food and consumer safety for our consumers?

Dr. Brian Evans: Mr. Chairman, I will just ask Mr. White to provide the breakdown of that \$113 million, and then I'd like to provide an overview of the implementation plan and how the money will be expended.

Mr. Gordon White: Mr. Chair, the \$113 million in budget 2008 was for two years and for the entire plan. That averages out to about \$55 million a year. The Canadian Food Inspection Agency's component of that in year one is \$23 million out of \$55 million, and it moves up to \$39 million out of \$55 million in the second year. So that clarifies our portion of those numbers.

Dr. Brian Evans: Mr. Chairman, within the food and consumer safety action plan, we have allocated the funding on a proactive basis and have developed work plans against several priority areas.

The first is in terms of active prevention, including better understanding of food safety risks, with investments over time to allow us to better analyze, with other partners—Health Canada, and the Public Health Agency of Canada, and globally—information gathered through the marketplace and through our sampling and testing programs on how we can become most effective in expending those moneys for the best protection of Canadians and global consumers. And we'll be working with industry to minimize food safety risks, so that we can adjust our program to be less prescriptive and have less oversight, recognizing that industry has their quality management-based systems and their production for bringing quality food to the marketplace; and working specifically to better identify importers and foreign authorities, and to work offshore as well, to make sure that product arriving at our borders meets Canadian standards.

We will also be investing also in the area of “Product of Canada” labelling, which has been discussed extensively over the past period of time by this committee. We have allocated money for that, both in terms of consumer outreach and awareness, as well as enforcement verification activities, as those are adjusted.

The second major area is in targeted oversight, specifically looking at import food safety, working with the Canada Border Services Agency and others in terms of the timing and the types of blitzes that we will be taking to verify against our surveillance objectives and residue monitoring plans to ensure that our requirements are being met. And we'll be enhancing with industry the identification of those high risk foods that potentially carry a greater risk into the marketplace, issues that would affect babies, young children, or aged populations that may be even more compromised

Finally, Mr. Chairman, the third area is rapid response. Again, I think Canada has a world-class food recall system that does identify risks when they are identified in the marketplace. I think it's worthy to note for the committee that the vast majority of our recalls are on a proactive advisory basis, in the absence of actual confirmation of human health requirements or impacts; but at the same time, we'll be working with industry to identify hazards that may somehow have worked through the system, to get them out of the marketplace before they become public health risks.

Finally, Mr. Chair, the last area is broader-based communication with consumers, recognizing again that food safety is a shared accountability, starting with inputs and producers right through the system to distribution and retail, while recognizing consumers' role in food safety as well.

Mr. Guy Lauzon: In summary, it can allay Mr. Atamanenko's concerns. In fact, our food is going to be even more safe than it was previously.

Dr. Brian Evans: I think Canada's food stacks up against any country in the world.

Mr. Guy Lauzon: And it's getting even better.

Dr. Brian Evans: We will keep it there against increasing threats and, again, to rising international standards.

Mr. Guy Lauzon: That's what we like to hear.

The Chair: For the committee's information, there is a motion to adjourn debate on a concurrence motion in the House. It's a 30-minute bell. Votes are at 11:10.

My duty, according to the standing orders, is to “suspend the meeting when the bells are sounded to call in the Members to a recorded division, unless there is unanimous consent of the members of the committee to continue to sit”.

● (1045)

Hon. Wayne Easter: If one member wants to go, go ahead.

The Chair: It has to be unanimous consent.

Mr. Alex Atamanenko: When is the vote?

The Chair: It will be at 11:10.

We have roughly 10 minutes left to go. If we don't have unanimous consent, then we have to come back after votes. I'm just suspending the meeting.

Hon. Wayne Easter: It's for ten minutes after eleven, guys. My God, the votes never start on time.

The Chair: Monsieur Bellavance.

[Translation]

Mr. André Bellavance: I might make a suggestion. Given how fast we walk, if we stay here until 10:55 a.m., we will have 15 minutes to go from the Wellington building to the Center Block. Am I right?

[English]

The Chair: Good, I'll do that.

We have two more questioners.

Monsieur Bellavance, you have the floor.

[Translation]

Mr. André Bellavance: As long as I get my turn, I agree.

Thank you again for being here. Since my next questions will not be as technical as the last one, you will not have to do any research in your documents. I want to put a question to the Canadian Food Inspection Agency.

You heard me ask the minister about compensation for avian flu. We know that it has been changed. Some time in the past, the compensation amount was more than \$30. Even industry agreed that we could have lower compensation amounts than what had been forecast, but it did not expect such drastic cuts.

I have the feeling that the amount is not always the same. I gave the example of a 21-week laying hen. You came up with a compensation amount of \$4.77 while the industry set its market value at \$17.21.

It may not be crucial or of interest to some people but it is very important to us.

How did you come up with the \$4.77 amount?

[English]

Dr. Brian Evans: Mr. Chairman, the establishment of the compensation maximums alluded to by the honourable member were the result of two phases of review with industry in terms of their being able to document within the scope of our legislation. As was pointed out by the minister, we do not have authority under the Health of Animals Act to compensate for production loss.

The big difference in terms of their ability to substantiate the actual market value of those birds relates to—as the minister alluded—the fact that while a bird has a certain value at a point in time, industry's calculations took into place the time necessary to bring the cycle back through egg, hatchery, poults, and then back to that point of layer, and those costs were associated. By our legislation, those are factors that we could not consider in the compensation values. In that regard, we have worked with industry to try to focus on the exact cost of getting the bird to that point on the first cycle, not necessarily the second continuation of that, which led to the commitment to the reality—

[Translation]

Mr. André Bellavance: I am sorry, Mr. Evans, but I have to cut you off. The compensation amount was much higher in the past but,

in the piece of legislation you are referring to, it was still more than \$30. So, that has been changed and the amount has been drastically reduced.

[English]

Dr. Brian Evans: Again, in establishing the values at the higher level it was pointed out to us by the government that in fact some of those areas had exceeded our authority to do so and we were instructed to bring the values back in line with our regulated authorities.

[Translation]

Mr. André Bellavance: So, you are telling me that you were not right previously. The previous minister, Mr. Strahl, had mentioned a second phase that would lead to the establishment of a compensation amount that would be more just and fairer.

You agree that the present amount would not be enough for our producers in the case of an avian flu outbreak, if we had to destroy their flocks. The minister had told us that negotiations were going on with industry in order to adjust the amounts.

[English]

Dr. Brian Evans: Again I want to be very clear that when we were talking about the \$30 value, it was against the backdrop of the specific crisis of Abbotsford, where factors were taken into account to deal with those pressures. Subsequent to that, we tried to act in a responsive, flexible way. We were advised after the fact that in fact we had exceeded our authorities, and we were instructed, although not to do a pullback of moneys that had been allocated, to bring those values in line with our regulated authorities. Those discussions led to the values that were established last September.

While we recognize it does pose challenges to the industry, as was commented, we have worked with the department to look at secondary phasing of compensation that would address those factors beyond the authorities that we can administer ourselves. As has been pointed out, we've also tried to adjust the approach we take with producers to offset the full value of their costs, including those issues of disposal of materials to an extent that we probably hadn't exercised before. In the event of economic hardship, we are trying everything we can do within our authority to assist the producers and working in an integrated fashion with the department or other programming, with support then going forward in a sustainable way.

● (1050)

[Translation]

Mr. André Bellavance: The minister had said that there were some discussions. What is their status? The industry is telling us, Members of Parliament, that nothing is going on. What is your opinion? Do you have the feeling that discussions are going on and that progress is being made?

[English]

Dr. Brian Evans: No, there's been very good progress with industry in terms of responding to the issue around a dedicated surveillance program in Canada for avian influenza. The discussions on compensation have been going on in parallel with those discussions. We have come to ground with the industry on a surveillance approach that will meet the obligations our trading partners and, I believe, Canadians would expect of our industry in identifying any potential public health risk associated with avian influenza. The compensation issues have been going in parallel with that and with the efforts of the department to assess the viability of AgriRecovery and other programming to assist them in that area while at the same time working with the industry, as was recently demonstrated by the sheep sector in Ontario.

A pilot has been undertaken by Deborah Whale and the group in Ontario to look at a co-insurance policy, which brings into private insurance a capacity for the poultry industry as well. We think the sheep model has significant merit in Canada in terms of both mitigating the impact on the producer and at the same time recognizing both public and private good.

The Chair: Thank you. Time has expired.

Go ahead, Mrs. Skelton, please. Finish off the meeting for us.

Hon. Carol Skelton: On page 32 you have stated that the objective for producers adopting improved food safety practices is 65% by March 31, 2010. I'd like to know what the current percentage is for producers, and whether we should aim for 100% in the long term. As well, is the department looking at this as a marketing tool for producers?

The Chair: Go ahead, Mr. Marsland.

Mr. Andrew Marsland: Is this in the CFIA section?

Dr. Brian Evans: The 65% target relates to part of the food safety action plan in terms of producer engagement.

Mr. Andrew Marsland: Sorry, then....

Dr. Brian Evans: But the marketing issue becomes one of how we extrapolate....

Mr. Chair, the targets were established in consultation with industry in terms of what was achievable, recognizing that, across the board, when one tries to describe industry as it relates to food safety, it deals with both domestic production and imported production. Therefore, you're dealing with those who are, I would say, primary agricultural-based groups, versus those who deal more in terms of the importers, who see it as a commodity.

These were targets that industry, with government, felt were achievable. There is recognition that in certain aspects of this, government has said to industry that rather than government introducing a regulatory oversight and creating a regulatory burden in some of these areas, government would allow industry to work forward in developing its own quality control programming, which we would then audit and verify against those deliverables. We're trying to work with a timeline and a percentage that industry feels can be met.

Hon. Carol Skelton: What percentage is it now?

Dr. Brian Evans: It varies across sectors, depending on whether you're talking about the registered sector, which would deal with the meat and fish components, or the non-registered sector. Within the registered sector, I would suggest we're much higher; we're probably in the 85% to 90% range. In the non-registered sector, again based on industry capacity, it would range probably from 20% to 60%.

Hon. Carol Skelton: Okay. Should we aim for 100%?

Dr. Brian Evans: I think we always aim for 100%, but at the same time, in order to be fair to all, what we want to show is continuous investment, continuous improvement, and continuous participation.

Hon. Carol Skelton: Okay, good.

And marketing...?

Mr. Andrew Marsland: I'll answer that.

We introduced a program under the APF, the Brand Canada program, which was based on not just logos and things but on selling our fundamental comparable advantage based on our food safety systems, our environmental performance, our quality systems, etc. Clearly, the more we can demonstrate to our trading partners that we've made concrete actions, the better the position we're going to be in, so we're going to work on that and we're going forward in terms of enhancing that Brand Canada campaign.

● (1055)

Hon. Carol Skelton: Thank you very much.

The Chair: I want to thank all our witnesses.

I want to make one comment. We have the votes to deal with, but we want to make sure we get a new report with all the corrections in it....

You have a point of order?

Mr. Ken Boshcoff: I have just a quick question. We didn't get a chance to ask many of the research questions we have on the document today, and I'm hoping the departments would respond to them because there are some very valid questions.

The Chair: What I'm going to suggest, actually, is this. Supplemental estimates have been tabled now as well, so we have to report back to the House on the main estimates by May 31. I'm going to be talking to steering committee. We need to decide whether or not we want to do supplementaries, and then there might be a chance to call officials back to look at the supplementaries and carry forward with any of the final comments we have on the main estimates.

Mr. Steckle.

Mr. Paul Steckle: When, Mr. Chair, are we looking at the report that we haven't seen yet in terms of the labelling?

The Chair: Right now that's scheduled for the Tuesday and the Thursday when we come back, but that's why the steering committee needs to meet if we're going to have to add in a follow-up meeting with this and to deal with the votes before May 31. If we don't deal with it, then it's deemed to be reported back to the House without amendment.

Anyway, with that, I'll entertain a motion to adjourn.

Mr. Lauzon? Done.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.